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Report of the Trade and Development Board on its fifty-fourth session*

Geneva, 1 to 11 October 2007

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I. Introduction

The fifty-fourth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 1 to 11 October 2007. In the course of the session, the Board held nine plenary meetings, the 1005th to the 1013th.

II. Action by the Trade and Development Board on substantive items on its agenda

A. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010

Agreed conclusions 490 (LIV)

The Trade and Development Board,

Noting with appreciation the extensive activities undertaken by UNCTAD, within its mandate and competence, in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010, as contained in documents TD/B/54/2 and TD/B/54/CRP.1,

1. *Urges* all stakeholders, particularly the least developed countries (LDCs), donors and the United Nations system, to redouble their efforts, in partnership, to achieve the full and effective implementation of the actions and commitments contained in the Programme of Action;

2. *Recognizes* the critical importance of the development by LDCs of their productive capacities through capital accumulation, technological progress, structural change and good governance to enhance their economic growth and development, to expand productive employment and reduce pervasive poverty, to reverse LDCs' continued marginalization and to accelerate their beneficial integration into the global economy;

3. *Welcomes* UNCTAD's *The Least Developed Countries Report 2007: Knowledge, Technological Learning and Innovation for Development,* as a significant and original contribution to research and policy analysis;

4. *Emphasizes* that science, technology and innovation are critical in LDCs and that there is a need to identify practical national and international policies and measures that will promote technological learning and innovation in LDCs, as well as a need to support communication strategies which enhance public awareness of the role of science, technology and innovation in development and poverty reduction;

5. *Stresses* that LDCs should assume primary responsibility for ownership and leadership in the design and implementation of their development polices and strategies, and urges them to integrate science, technology and innovation policies into their development and poverty reduction strategies. Development partners can also play an important role in fostering technological learning and innovation through further official development assistance devoted to issues relating to the promotion of science, technology and innovation, taking into account the special needs and circumstances of LDCs and paragraph 52 of the São Paulo Consensus;

6. *Emphasizes* the importance of agricultural productivity growth in development and poverty reduction in LDCs and invites development partners to consider increasing official development assistance for agricultural research and extension services in LDCs;

7. *Underlines* the need for national and international action to generate productive employment in non-agricultural sectors in LDCs by promoting business formation and upgrading the core competences and technological capabilities of domestic firms, including through training and skills development, particularly in design and engineering, encouraging research and development, increasing the absorptive capacities of domestic firms and enterprises, leveraging more technological learning from foreign direct investment and including technological development in donor-supported physical infrastructure projects;

8. *Further emphasizes* that for LDCs to benefit more from technology and innovation, they must endeavour to promote an enabling environment, sound macroeconomic policies and a stable, transparent and predictable business environment, in order to allow their population to participate effectively in the knowledge society;

9. *Reiterates* that aid for trade is an important complement to trade negotiations, in particular to the Doha development agenda, amplifying the potential benefits for developing countries. In this context, special attention should be paid to, inter alia, building domestic science, technology and innovation capacities, particularly in LDCs;

10. *Acknowledges* the valuable contribution of UNCTAD to the Integrated Framework and calls on it to play a proactive and more prominent role, especially in the follow-up to, and implementation of, the Enhanced Integrated Framework. In this context, UNCTAD's divisions and programmes should be mobilized to effectively contribute to this effort;

11. *Recognizes* the importance of UNCTAD's continued and expanded involvement in support of LDCs and urges the secretariat to strengthen, within existing resources, its research capacity, particularly on LDC issues, and to enhance synergies and complementarities between its research and policy analysis work on the one hand and technical cooperation and capacity-building activities on the other, and encourages the other four UNCTAD divisions to cooperate with the Division for Africa, Least Developed Countries and Special Programmes to ensure that LDCs benefit from all the divisions' expertise, research and technical assistance services and products; requests further studies on the economics of knowledge in LDCs; and requests the UNCTAD secretariat to provide a report on cooperation and resource allocation within the secretariat in support of LDCs, in which context consideration should be given to the adequacy of resources devoted to the annual publication of *The Least Developed Countries Report*;

12. *Expresses* its appreciation to bilateral donors for their continued support and financial contributions to the UNCTAD Trust Fund for Least Developed Countries and invites them to regularly replenish and diversify the sources of funding;

13. *Requests* the UNCTAD secretariat to mobilize adequate financial resources to ensure the participation of LDCs in the preparatory process for the twelfth session of the Conference, UNCTAD XII, and their participation in the

session itself, and invites donors to earmark extrabudgetary contributions for this purpose.

1013th plenary meeting
11 October 2007

B. Economic Development in Africa: Reclaiming Policy Space — Domestic Resource Mobilization and Developmental States

Agreed conclusions 491 (LIV)

The Trade and Development Board,

1. *Welcomes* the 2007 report by the UNCTAD secretariat entitled *Economic Development in Africa: Reclaiming Policy Space — Domestic Resource Mobilization and Developmental States*;

2. *Notes with concern* the late delivery of the report and urges the UNCTAD secretariat to give member States sufficient time to study the report before they go into deliberations in the Trade and Development Board;

3. *Agrees* with the report's conclusion that, while the support of their development partners is important and very much appreciated, African countries need to take steps to mobilize their domestic financial resources in order to reduce their dependence on external resources in the medium to long term;

4. *Agrees* that sustaining and improving upon current levels of economic growth require the promotion of an enabling environment to facilitate entrepreneurship, improved market access and greater economic diversification into higher value added exports, as buffers against long-term declining terms of trade and volatility in commodity prices;

5. *Notes* that, while the report is useful in identifying possible sources of additional domestic financial resources, leadership at the national level is critical in mobilizing such resources, and the assistance of development partners in strengthening institutions and developing programmes that help African countries to draw effectively on those sources is also important;

6. *Encourages* UNCTAD to undertake further work, including technical assistance programmes, to assist African countries in their efforts to promote the effective mobilization of domestic resources and the effective collection and optimal use of tax revenues to support equitable growth;

7. *Emphasizes*, in the context of the enhanced mobilization of domestic resources and increased ownership of development programmes, the importance for African countries to enhance their ability to use their policy space and to design and implement policies that address their genuine development challenges and priorities;

8. *Underscores* the need for effective use of financial resources raised both domestically and from development partners as a means of creating more employment opportunities in the formal sector, in order to reduce poverty;

9. *Stresses* the need to learn from the experiences of the successful developing economies which have pursued economic growth, development and

poverty reduction, bearing in mind the specific needs and circumstances of African countries;

10. *Reaffirms* that each country must take primary responsibility for its own development and that the role of national policies and development strategies cannot be overemphasized in the achievement of sustainable development, and stresses that development must be based on a global partnership, and that this spirit must also be fully harnessed for African development through, among other things, enhanced economic cooperation among developing countries, in order to exchange experiences to more effectively achieve economic growth, development and poverty reduction, within the framework of a State that seriously attempts to deploy its administrative and political resources for the task of economic development;

11. *Underscores* that State involvement in development should improve efficiency in the use of scarce financial and human resources and provide an enabling environment in which the private sector can operate optimally;

12. *Notes* that improvements in governance in many countries and the New Partnership for Africa's Development (NEPAD) peer review process, in supporting good governance, should act as catalysts for greater democratic participation to enable the State to respond to the needs of its citizens as a whole, and encourages further progress in this area;

13. *Emphasizes* that multilateral institutions such as UNCTAD, the World Trade Organization, the World Bank and the International Monetary Fund have a critical role to play in helping African countries to promote their internal economic integration so as to complement external integration consonant with their national development strategies and priorities and their international commitments;

14. *Agrees* that UNCTAD should, within its mandate, continue to undertake insightful and critical analysis and provide policy advice on African development, including attaining sustainable growth and development with the objective of achieving the Millennium Development Goals.

1013th plenary meeting
11 October 2007

C. Review of the technical cooperation activities of UNCTAD

Decision 492 (LIV)

The Trade and Development Board,

1. *Takes note* with appreciation of the technical cooperation activities carried out by the UNCTAD secretariat and of the reports prepared for the Working Party on the Medium-term Plan and the Programme Budget, expresses gratitude for the continuous support provided by bilateral and multilateral donors, reiterates the importance of submitting documents on time, and encourages beneficiary countries to continue providing concrete feedback on the quality and impact of UNCTAD projects in their countries;

2. *Invites* all development partners to continue to work together with a view to maximizing the development impact of UNCTAD's technical assistance, and

further invites donors and potential donors in a position to do so to provide adequate funding for the technical cooperation activities of UNCTAD;

3. *Notes with satisfaction* the increase in total resources allocated to assistance to the least developed countries, as their special needs require particular attention, and urges donors and the UNCTAD secretariat to further enhance their assistance to these countries;

4. *Welcomes* the 16 per cent growth in delivery and the fact that operations in support of all regions, including in least developed countries, increased;

5. *Reiterates* the importance of ensuring an equitable distribution of resources among the developing country regions and countries with economies in transition in the overall delivery of technical cooperation;

6. *Reiterates* the importance of UNCTAD technical assistance responding to the specific and special needs of least developed countries, small, structurally weak, vulnerable economies, small island developing States, and landlocked and transit developing countries, in accordance with paragraph 33 of the São Paulo Consensus;

7. *Welcomes* the fact that a significant part of UNCTAD technical assistance is provided through interregional activities based on the thematic knowledge of the secretariat, and urges donors to continue their support for these activities;

8. *Welcomes* the new important donation from the Government of Spain to the United Nations system to help achieve the Millennium Development Goals and expresses gratitude to the Government of Spain for this generous support; in this regard, urges the United Nations Development Programme (UNDP), as well as United Nations resident coordinators and the national authorities of beneficiary countries, to provide support with a view to the inclusion of UNCTAD's operations in this new Spanish fund;

9. *Expresses* concern at the continued decrease of UNDP resources to UNCTAD technical cooperation programmes and invites UNDP and the UNCTAD secretariat, in the context of the ongoing discussions on United Nations system-wide reform on coherence, to establish mechanisms for technical cooperation on trade-related issues, to be carried out by UNCTAD in accordance with its mandate and expertise, at the national, regional and multilateral levels;

10. *Encourages* UNCTAD to inform United Nations resident coordinators about its technical assistance products so that, where appropriate, they could encourage their inclusion in the countries' United Nations development assistance frameworks;

11. *Recognizes* the importance of the Joint Integrated Technical Assistance Programme (JITAP) to African countries and invites donors to consider positively the launching of a third phase of that programme in view of its successful results and the positive evaluation results of this inter-agency initiative;

12. *Recognizes* that UNCTAD is in a position to play an important role in the Aid for Trade initiative, in accordance with UNCTAD's mandates, expertise and development approach;

13. *Recognizes* the importance of the implementation of paragraph 166 of the Bangkok Plan of Action, and calls for the continuation of the training courses on the key issues on the international economic agenda in Geneva and at the regional level;

14. *Calls upon* the secretariat to provide member States with information regarding requests for technical assistance and their follow-up;

15. *Takes note with satisfaction* of the secretariat's internal arrangements regarding management aspects of technical cooperation, including the establishment of the Project Review Committee, and requests the secretariat to continue to take measures to increase the impact and efficiency of UNCTAD technical cooperation activities and to keep member States updated in that regard on a regular basis;

16. *Notes with interest* that the establishment of the new Division for Africa, Least Developed Countries and Special Programmes has led to rethinking in terms of strategic approach, consolidation and synchronization of the division's technical cooperation activities, and asks the secretariat to keep member States informed in this regard on a regular basis;

17. *Takes note with interest* of the proposals made by the secretariat for the implementation of recommendation 18 of the Report of the Panel of Eminent Persons; in this regard, the Trade and Development Board:

(a) *Notes with interest* the information provided on the participation of UNCTAD in the ongoing discussions on the United Nations system-wide coherence process and asks the secretariat to continue efforts and initiatives to strengthen UNCTAD's presence and role in this context;

(b) *Welcomes* the practical initiatives being taken by the secretariat — such as the establishment of an inter-agency thematic cluster on trade and productive sectors within the United Nations Chief Executives Board for Coordination, the organization of inter-agency trade-related training courses in conjunction with the United Nations System Staff College, and the utilization of staff mobility within the United Nations secretariat to disseminate UNCTAD's work — and requests the secretariat to keep the Working Party informed about the implementation and the results of these initiatives;

(c) *Urges* both donors and beneficiaries of the United Nations country-based development assistance plans to provide support, including adequate financial resources, in view of the inclusion of UNCTAD's operations in the national development plans;

(d) *Notes* the efforts made by UNCTAD to participate in the "One United Nations" reform and requests the secretariat to inform member States in this regard, taking into account the role of ongoing and future UNCTAD operations, whether country-specific, regional or interregional;

(e) *Requests* least developed countries' Governments and UNCTAD to pay more attention to the interface between the United Nations country development assistance plans and the Integrated Framework, with a view to ensuring policy coherence and maximizing the impact of UNCTAD assistance;

(f) *Expresses* concern about the limited consideration given to trade and trade-related issues in the United Nations development assistance frameworks and similar national development assistance plans, as illustrated in paragraph 42 of document TD/B/WP/195, and supports UNCTAD efforts to address this concern;

(g) *Encourages* UNCTAD to strengthen efforts in actively supporting the integration of economic and trade-related issues in United Nations development assistance frameworks and national development strategic plans as requested;

18. *Takes note* with interest of the proposals made by the secretariat for the implementation of recommendation 19 of the Report of the Panel of Eminent Persons; in this regard, the Trade and Development Board:

(a) *Recalls* the UNCTAD technical cooperation strategy adopted in 2003 and paragraph 12 of decision 488 (LIII) adopted by the Trade and Development Board at its fifty-third session, in 2006, regarding the need for more coherence and interdivisional coordination of technical assistance programmes and activities, including streamlining through the use of thematic clusters and programmes;

(b) *Recalls* recommendation 19 regarding the need for consolidation of projects and requests the secretariat to initiate the process, as indicated in box 5 of document TD/B/WP/195, aiming at the establishment of annual plans for thematic trust funds within and among divisions in consultation with member States to take place between October and December 2007;

(c) *Urges* donors to provide contributions to the new thematic trust funds to be established within and among the divisions according to these consultations, taking into account the financing options mentioned in box 5 of document TD/B/WP/195, and expects that an assessment of the implementation will be made by the secretariat at the next session of the Working Party; this should not preclude member States from continuing to provide earmarked contributions to individual trust funds;

(d) *Stresses* that the establishment of thematic trust funds should aim at enhancing the effectiveness and impact of UNCTAD technical cooperation activities without compromising the scope, content and manner of delivery; it should also enhance the links between the operational activities and analytical work of UNCTAD, on the one hand, and the results of intergovernmental deliberations on the other;

19. *Invites* the donors and potential donors in a position to do so to make multi-year contributions to UNCTAD technical cooperation, to increase predictability in the planning and implementation of the relevant technical assistance programmes;

20. *Urges* the secretariat to enhance technical assistance projects in the area of commodities, especially in African commodity-dependent countries, in order to ensure sustained economic growth and poverty alleviation and, in this regard, urges the secretariat to improve its interdivisional coordination on commodity-related issues and report on progress at the next meeting of the Working Party.

1012th plenary meeting
9 October 2007

D. Other action taken by the Board

Preparatory process for the twelfth session of the Conference

At its 1007th plenary meeting, on 2 October 2007, the Board decided to establish an open-ended Preparatory Committee, to be chaired by the President of the Board, and approved the draft provisional agenda for the twelfth session of the Conference (TD/B/54/CRP.3).

Progressive development of the law of international trade: fortieth annual report of the United Nations Commission on International Trade Law (Vienna, 9-12 July 2007)

At its 1009th plenary meeting, on 3 October 2007, the Board took note of the fortieth annual report of the United Nations Commission on International Trade Law (A/62/17).

Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its fortieth session (Geneva, 25-27 April 2007)

Also at its 1009th plenary meeting, the Board took note of the report of the Joint Advisory Group on its fortieth session (ITC/AG(XL)/214).

Report on UNCTAD's assistance to the Palestinian people

At its 1012th plenary meeting, on 9 October 2007, the Board took note of the report by the UNCTAD secretariat (TD/B/54/3) and decided, in accordance with General Assembly decision 47/445, that the report of the Board on its fifty-fourth session to the General Assembly would include an account of the deliberations under this item (see chap. II, sect. I, below).

Review of the technical cooperation activities of UNCTAD

Also at its 1012th plenary meeting, the Board took note of the report of the Working Party on its forty-ninth session (TD/B/WP/198/Rev.1) and adopted the draft decision (see sect. C above) and endorsed the agreed conclusions contained therein.

Report of the Working Party on the Medium-term Plan and the Programme Budget on its resumed forty-eighth session

At its 1013th plenary meeting, on 11 October 2007, the Board took note of the report of the Working Party on its resumed forty-eighth session and endorsed the agreed conclusions as contained in document TD/B/WP/197.

UNCTAD's contribution, within its mandate, to the implementation of, and to the review of progress made in the implementation of, the outcomes of the major United Nations conferences and summits, under its relevant agenda items

At its 1013th plenary meeting, the Board took note of the report by the secretariat on this item (TD/B/54/6).

Report on UNCTAD XI multi-stakeholder partnerships

At its 1013th plenary meeting, the Board took note of the oral reports by the secretariat on this item.

Hearing with civil society and the private sector, in accordance with paragraph 117 of the São Paulo Consensus

At its 1013th plenary meeting, the Board took note of the summary of the hearing contained in document TD/B/54/L.3/Add.1.

Report by the President of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action on the implementation of courses by the secretariat in 2006-2007

At its 1013th plenary meeting, the Board took note of the oral report on this item by the President of the fifty-third session of the Board.

III. President's summary[1]

A. Opening statements

1. Many delegations from developing countries said that their countries had recently experienced relatively high growth rates. However, many of them, including the least developed countries (LDCs), still faced major challenges if they were to sustain development, given higher commodity prices. Several delegations expressed the hope that UNCTAD would act as a leader in promoting a new, development-oriented, international economic architecture.

2. A number of delegations called for UNCTAD to remain at the forefront of efforts to strengthen the multilateral trading system. LDCs suffered most from the delay in concluding the Doha round of trade negotiations. Various delegations expressed their appreciation for the efforts of UNCTAD to assist new members of the World Trade Organization (WTO) in the pre- and post-accession phases. It was stressed that the Doha round must remain a development round, and that progress towards concluding it should not be made at the expense of development concerns. Several delegations from developing countries highlighted the importance of strengthening the Global System of Trade Preferences among Developing Countries (GSTP) as a way of enhancing South-South cooperation and addressing the concerns of developing countries.

3. Many delegations welcomed the *Trade and Development Report, 2007*, with its focus on regional cooperation not just in trade but also in macroeconomic policies, finance, infrastructure and industrial policies. While agreeing that the report made a useful contribution to the debate, one regional spokesperson said that his group did not necessarily share its conclusions. Many delegations also expressed their appreciation for other publications that were the outcome of UNCTAD's research and analysis, including *The Least Developed Countries Report 2007* and the 2007 report on *Economic Development in Africa*, which would provide important guidance for policymakers. One delegate warned, however, that UNCTAD should be cautious about promoting unrealistic policies that might have deleterious effects on developing countries, and that its support for attempts to reshape the global financial system would only reduce UNCTAD's credibility.

[1] Electronic versions of statements by delegates are available on the UNCTAD website in the form and language in which they are received. To find the speeches, go to www.unctad.org/meetings, select the intergovernmental body and session, and click on Programme.

4. Regarding the role of UNCTAD in technical cooperation, many delegations were appreciative of its activities, including the training courses set up in accordance with paragraph 166 of the Bangkok Plan of Action, to assist developing countries and countries with economies in transition. Delegations drew attention to the contribution of UNCTAD in helping developing countries understand international economic issues and improve the skills of their trade negotiators. Praising UNCTAD's investment policy reviews as particularly useful, one regional spokesperson suggested that UNCTAD should strengthen its technical cooperation activities as a follow-up to them. Another regional spokesperson recommended strengthening the link between technical cooperation activities and UNCTAD's two other pillars: consensus-building and research and analysis. It was also recommended that UNCTAD's role in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 should be strengthened. Two delegations said that UNCTAD's technical assistance activities should be carried out in closer collaboration with new emerging donors.

5. Most delegations who took the floor expressed a commitment to the preparatory process for the twelfth session of the Conference (UNCTAD XII). Some highlighted the importance of honouring prior commitments such as those undertaken in the São Paulo Consensus and at the major United Nations conferences and summits. Others stressed that the outcomes of UNCTAD XII should go beyond the conceptual stage to be translated into meaningful action. One delegate said that the implementation of reform of the UNCTAD secretariat, as recommended in the Report of the Panel of Eminent Persons,[2] was vital if UNCTAD was to implement fully the mandate that would be the outcome of UNCTAD XII.

B. High-level segment: globalization and inclusive development

1. Globalization

6. Several delegations welcomed the fact that, since 2000, many developing countries — including several least developed and African countries, which had often shown erratic growth performance in the past — had been growing at much faster rates than in the late 1990s. The growing importance of the South was reflected in the world economy and was shaping the emerging new geography of international trade. Despite those achievements, several delegations cautioned against complacency in development policies at both the national and international levels. Inclusive development was a moral imperative, and diversification and broadening of the foundation of global growth, with a focus on improving the quality of global economic integration, were necessary if the Millennium Development Goals, particularly those concerning poverty reduction, were to be met. Lack of resources and productive capacities, lack of access to technology and knowledge, lack of appropriate infrastructure, and inadequate access to transportation and communications services to connect with the world economy continued to prevent many developing countries from reaping the full benefits of globalization.

7. Several delegations drew attention to the need to preserve policy space for developing countries to enable them to address the social impact of globalization

[2] UNCTAD/OSG/2006/1.

and to better disseminate the benefits of economic growth to marginalized parts of their populations. Therefore, international action should not result in the shrinking of that space and policy formulation should address specific needs of countries at different levels of development.

8. Favourable price developments in international commodity markets were a major contributing factor to the recent improvements in the growth performance of developing countries. However, concerns were expressed concerning the long-term sustainability of the current rise in commodity prices and the adverse effects of high price volatility. Developed countries that exported agricultural commodities while subsidizing domestic production were urged to reform their agricultural policies so as not to jeopardize export opportunities of developing countries. In that context, the need for a successful conclusion of the Doha round of trade negotiations, taking into account concerns of developing countries regarding trade-distorting measures and non-tariff barriers, was stressed. It was also pointed out that not all developing countries had benefited from higher commodity prices. Those that were net food importers and those that were dependent on energy imports faced additional burdens due to rising commodity prices. Moreover, an increase in South-South trade could have positive effects on exports, growth and employment in developing countries.

2. Inclusive development

9. A more equitable distribution of the benefits of globalization at the national level necessitated a proactive, development-oriented State, according to several delegations. To make development more inclusive, developing countries should strengthen institutional capacity for policy formulation (as well as its implementation) that favoured the poor. In particular, policies were called for that promoted economic and social inclusion and gender equality, and that empowered disadvantaged groups through social investment. Several delegations stressed that long-term high growth could only be driven by a vibrant private sector. Nonetheless, Governments had an important role to play in promoting local entrepreneurship through polices that were conducive to creating productive capacities and for attracting foreign direct investment to their economies. Good governance was a key factor in designing national development strategies that promoted inclusive development.

10. The integration of developing countries into the world economy was seen as having progressed unevenly, benefiting some developing countries while leaving out or even marginalizing others. Several factors that could promote economic and social inclusion and help developing countries to integrate more effectively into the world economy were highlighted. For example, the development impact of climate change was seen as both a challenge and an opportunity. Access to clean technology, and the use and export of renewable energy, could help mitigate the adverse impact of climate change that affected developing countries. Access to energy, as well as essential services, was an emerging trade and development issue. In addition, international labour migration could benefit both sending and receiving countries in terms of remittances and the moderation of workforce constraints, and could help make globalization inclusive.

3. The way forward

11. The forthcoming quadrennial session of the Conference, UNCTAD XII, was considered an ideal opportunity for further advancing the discussion on opportunities and challenges of globalization for development. However, the promotion of inclusive development, as well as policies and measures aimed at making it sustainable, required a new approach to global economic governance and a new focus for national policies on trade and development issues emerging from globalization. Other delegations stressed the need to focus on substantive, practical and prioritized solutions within the areas of UNCTAD's mandates.

C. Interdependence and global economic issues from a trade and development perspective: regional cooperation for development

12. Delegations welcomed the *Trade and Development Report, 2007* as an important and comprehensive effort to analyse regional integration and as a key contribution to the debate on regional cooperation for development. It provided a rational and timely analysis, as well as pragmatic and development-oriented policy options, and addressed the key issues in the relationship between globalization, regionalism and development.

13. It was pointed out that, despite the recent favourable global economic environment, there were still serious problems of inequality, social exclusion and volatile growth in some regions, and progress towards the Millennium Development Goals was difficult. The challenge was to translate recent improvements in growth performance into long-term progress. Recent financial instability had shown the fragilities of the global financial system. The risks posed by global imbalances also raised concerns. A more stable global environment should be fostered through greater systemic coherence and macroeconomic policy coordination. Regional financial cooperation could help deal with shortcomings in the international financial system.

14. The topic of the "new regionalism" generated a lively debate. There was disagreement on some of the conclusions in the report, including on how comprehensive North-South free trade agreements should be — particularly with regard to public procurement and investment — and on the regulatory framework. Some delegations noted the need for caution and a careful evaluation of the benefits, in terms of trade and foreign direct investment, and the costs, in terms of loss of policy space, of such agreements for developing countries. Free trade agreements should pay sufficient attention to development needs. Other delegations disagreed with the report's analysis of the impact of such agreements, suggesting they did not threaten the coherence of the multilateral trading system but in fact promoted faster and deeper integration, opened markets, provided skill and knowledge gains, and promoted the necessary economic and regulatory reforms. In their view, the agreements should be deeper, wider and more comprehensive. One delegation expressed disagreement with the report's analysis of the North American Free Trade Agreement, citing methodological concerns.

15. There was broad agreement that regional integration, which was the result of complex historical, cultural and economic factors, could have positive implications for participating countries. It was particularly important considering the current state of the negotiations within WTO. Regional cooperation was a central element

that had the potential to support national development strategies in developing countries and help them better integrate into the global economy. It could foster development by promoting investment, innovation and productive transformation in developing countries, as well as contribute to regional stability and security. It also implied the provision of regional public goods and the creation of regional economic spaces, which could widen the policy options open to developing countries. Regional integration should be adapted to the specific situations of countries.

16. It was recognized that countries should make their own choices regarding their participation in regional integration in order to make optimal use of its potential. It was also recognized that effective regional integration would require policies that went beyond trade liberalization. Such integration should be part of a broad development strategy for faster capital accumulation and technological progress. Proactive macroeconomic, financial, industrial and infrastructure-development policies would be needed. South-South trade liberalization and integration should go along with the establishment of trade support structures that strengthened trade and investment growth for all participants in regional integration schemes. It was important to constantly evaluate and monitor the effects of regional agreements on developing countries. The problem of potential inequities in the distribution of trade and economic gains among members at different levels of development needed to be resolved. The Global System of Trade Preferences among Developing Countries was considered an important instrument for South-South cooperation.

17. There was broad consensus that regional integration complemented — but was not a substitute for — a solid multilateral trading system, which remained the priority objective. Regionalism was considered a building block for wider economic processes and negotiations at the global level. There was a need to ensure that the Doha round of trade negotiations was concluded successfully with a developmental outcome.

18. Delegations generally agreed that UNCTAD should continue its research and analysis on how regional and interregional cooperation could help developing countries further integrate into the global economy and avoid instability. Support should be given to strengthening economic cooperation among developing countries, especially the less developed ones. Regional agreements should be combined with UNCTAD assistance in building, consolidating and reinforcing the integration process. Networking and information-sharing should be promoted. Regional cooperation for development should be a key area of UNCTAD's work.

D. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010

Summary by the Chair of Sessional Committee I

19. Delegations noted that in recent years many of the least developed countries had experienced positive economic developments, including stronger growth, macroeconomic stability, debt relief and additional official development assistance. They had also achieved progress in social sectors, especially in health and education. Nevertheless, they continued to specialize in a narrow range of basic

products and to experience recurrent economic shocks and crises. They were not making the economy-wide improvements in productivity and value added by domestic producers that were essential if they were to generate employment, raise household incomes and reduce poverty.

20. The LDCs continued to face significant development challenges. Some speakers highlighted the fact that extreme poverty in some LDCs was increasing and that hardly any of them were likely to achieve either the Millennium Development Goals or the goals of the Programme of Action. Several delegations pointed out that LDCs remained marginalized from the world economy. Delegations agreed that contemporary economies were increasingly knowledge-intensive, consisting mainly of the production of goods and services based on knowledge-intensive activities that contributed to accelerated technological and scientific progress. Innovation had become a central economic activity. Therefore the essential challenge for LDCs was to create or improve institutions that enabled the efficient production and use of knowledge.

21. Delegations welcomed *The Least Developed Countries Report 2007*, with its emphasis on the essential role of knowledge, technological learning and innovation in even the poorest countries. They expressed concern that those issues had been neglected in LDC policymaking in recent decades. In order to reverse that trend, they called for the development of productive capacities and technological capabilities to be placed at the centre of national policies and poverty reduction strategies. Attention was drawn to the need to improve the domestic regulatory environment in order to spur innovation, and also to the need to inform society at large of the importance of science, technology and innovation in order to build political and social consensus in that area.

22. Knowledge and technology should also be considered in the allocation of development aid and assistance. Delegations welcomed the increase in aid for social sectors, but expressed concern about the low and declining share of aid for development of the productive sector and physical infrastructure. Speakers from developing countries called for more aid to improve production and productivity in both the agricultural and the non-agricultural sectors, to support applied research and development, and to strengthen business-support institutions. Delegations welcomed efforts to build up trade-related capacities in LDCs. Several delegations drew attention to North-South and South-South programmes for training and capacity-building in LDCs.

23. While recognizing the importance of strengthening technological capacities, delegations also saw the daunting challenges associated with it. They noted that international trade, foreign direct investment and licensing had produced little in the way of transfer of technology to LDCs. Several delegations stressed the need to find a solution to the problem of the brain drain, which undermined the development of technological capabilities in LDCs.

24. Most participants agreed that the international intellectual property rights regime implied a serious challenge to LDCs' access to knowledge, technological learning and innovation. There were calls for the international community to consider further waivers and new, realistic deadlines for compliance with the TRIPS agreement and to exclude "TRIPS-plus" provisions from bilateral or regional trade agreements and from the conditions for accession to WTO. Countries were advised to balance public and private interests and producer and consumer considerations in

designing their intellectual property regime. Some speakers suggested that certain areas of knowledge should be considered as essential; hence access to them should not be restricted by intellectual property rights protection. Others, however, said that strong protection of intellectual property rights was essential for innovation and development, and therefore disagreed with the view in *The Least Developed Countries Report 2007* that intellectual property rights could undermine technological catch-up in LDCs.

25. Delegations expressed their appreciation for UNCTAD's research analysis on LDCs in general and encouraged the UNCTAD secretariat to expand that work. They also called for that analytical work to be used as the basis for a more active policy dialogue with LDC Governments, United Nations agencies and donors, as well as for UNCTAD's technical assistance in the field. In that connection, several delegations called on donors to continue funding the Trust Fund for the Least Developed Countries, which should have a wider donor base.

E. Economic Development in Africa: Reclaiming Policy Space — Domestic Resource Mobilization and Developmental States

Summary by the Chair of Sessional Committee II

26. Many delegations noted the continuing importance to the African continent of official development assistance and aid for trade, and called on developed countries to fulfil their commitment to double aid to Africa in order to achieve the Millennium Development Goals. While a few delegations said that the continent had little to show for its aid in terms of development, others pointed out that aid commitments were not currently being fulfilled and official figures were skewed by the inclusion of debt relief. Official development assistance also had many limitations, including conditionalities that limited policy space for recipients; in recent years, much of it had been allocated to social sectors, to the detriment of improving infrastructure and productive capacity. There was therefore a need to mobilize domestic resources not only as a complement to aid, but also as a means of gaining flexibility and policy space to address the genuine needs of Africa. Most delegations concurred that domestic resources could be mobilized by tapping the potential in the informal sector, developing better taxation policies, making use of remittances and reversing capital flight. A few expressed concerns that such recommendations could lead to damaging overregulation. The Monterrey and São Paulo consensuses recognized the importance of domestic resource mobilization, but a supportive international environment was also necessary, especially in terms of market access for African exports, as was investment in productive capacities and human resources. Foreign direct investment shrank in the face of tough conditions, but it should be seen — like remittances and microfinance — as a complement to, not a replacement for, official development assistance and debt relief.

27. Delegations agreed that Africa's strong economic performance in recent years was partly due to the high demand for primary exports and stronger economic ties with other developing countries, particularly in Asia. They therefore called for closer South-South cooperation (including through the Global System of Trade Preferences among Developing Countries and the new joint Asian-African strategies) and supported the "triangular cooperation" approach.

28. It was generally agreed that the rollback of the role of the State in Africa since the 1980s was at least partly responsible for the continent's current economic crisis. Sustainable development required a more active State role. The "developmental State" could deliver development in the African context, as it had done in Asia, through enhanced mobilization and use of savings.

29. Many speakers emphasized the right of countries to choose their own development strategies and to have the necessary flexibility to implement them. In that regard, the 2007 report on *Economic Development in Africa* presented a practical (and less dogmatic) approach to development in Africa, by advocating a diversity of policies appropriate to individual countries. The concept of the developmental State, together with the better use of available resources, would lead to a virtuous circle of accumulation, investment, growth and poverty alleviation. A few delegations drew attention to the many market failures caused by excessive State intervention in the economy, and concluded that though there was no one-size-fits-all policy for development, there certainly were best practices, which showed the importance of the private sector in development. There was some agreement that certain commitments entered into at the international level restricted the policy space in which developing countries could pursue policies that responded to their developmental needs. However, a few delegations objected to the portrayal of African countries' membership of WTO as limiting their policy space, as such membership provided a predictable trading environment and opportunities that should increase, not decrease, that policy space. Furthermore, African countries, especially the least developed countries among them, were offered considerable flexibility in the implementation of WTO agreements.

30. Several delegations emphasized the important role of the private sector in the development process and, in the case of Africa, the role of small and medium-sized enterprises and microfinance institutions. It was important to create and maintain an appropriate domestic environment through good governance and the development of internally integrated economies, so as to increase the savings and investment that fuelled high growth. Private sector development would also benefit from building knowledge-based economies and the integration of Africa into the international knowledge society, as would the development of human resources capable of designing and implementing a development strategy reflecting African realities. A few delegates noted that much of the failure of African countries to develop more quickly had been caused by undue interference in private sector activities, excessive bureaucracy and bad policies.

31. Many delegates commended UNCTAD on its independent and thought-provoking research. Some urged UNCTAD to work more to develop synergies with other organizations within the United Nations, especially the United Nations Development Programme, in order to increase the dissemination of UNCTAD's work in the field. More specifically, UNCTAD was asked to explore ways to enhance the private sector; convert informal activities into formal economic activities; further develop ideas on financial charters; and enhance European Union relations with Africa through a new joint European Union-Africa strategy or partnership.

F. Review of developments and issues in the post-Doha work programme of particular concern to developing countries

32. The review was frank and constructive, providing a positive momentum for the ongoing Doha round of trade negotiations. Participants commended the secretariat on its background note (TD/B/54/5), which provided a comprehensive and balanced assessment of the progress in the Doha work programme from a development perspective.

33. There was consensus that trade was an engine of growth and development. The multilateral trading system could make a significant contribution to realizing development gains and achieving the Millennium Development Goals. The realization of development gains from trade, however, required flanking policies and flexibility to adequately pace and sequence liberalization. Developing countries had emerged as major players, giving rise to the "new South". They had increased their influence on the evolution of the multilateral trading system. Global trade continued to grow, but some countries continued to be marginalized, particularly LDCs and sub-Saharan African countries. Many developing countries were dependent on primary commodities. The situation required a holistic and tailored approach to commodities issues involving viable commodity sector trade and development strategies at the national, regional and international levels. Consequently, gains from trade liberalization were not evenly distributed among countries. Thus, developing countries should contribute in a way commensurate with their capacities. A strong development content in the Doha round of trade negotiations could help developing countries benefit from trade integration.

34. The Doha negotiations were at a critical juncture. Participants stressed the importance of a successful and timely conclusion to the round, with balanced and development-oriented outcomes. While recognizing the time constraints facing the round, many participants stressed the need to "get the content right" and secure adequate development dividends in the negotiated outcome. That required positive engagement and flexibility in the search for common ground by all participants, with leadership from the major trading nations. A successful conclusion to the round was essential if developing countries were to enter the mainstream of the multilateral trading system and preserve or enhance their credibility. The risks of failure included greater recourse to regional and bilateral initiatives, increased unilateralism, resurgent protectionism and trade disputes, with negative implications for the world economy, the multilateral trading system and growth in developing countries.

35. There was general recognition that the Doha round should address the diverse concerns and interests of developing countries. New and enhanced market access and entry opportunities for developing countries in agriculture, manufacturing and services — particularly modes 4 and 1 — were essential. Other key deliverables included: full duty-free and quota-free market access for LDCs, with transparent and simple rules of origin; fairer rules and a level playing field to eliminate existing asymmetries and trade distortion; specific and ambitious solutions for cotton; more discipline on trade-distorting sanitary and phytosanitary standards and technical barriers to trade; adequate policy autonomy and space for economic governance, including through effective and operational special and differential treatment and less-than-full reciprocity; and international solidarity measures to build competitive supply capacities, including on services and trade-related infrastructure in

developing countries, particularly through the Aid for Trade initiative. The need to make substantial additional and predictable funding available to all developing countries that needed it and the need for effective implementing mechanisms were stressed. UNCTAD was called upon to substantially contribute to that initiative. Recent developments in implementing the Enhanced Integrated Framework for LDCs were welcomed.

36. Participants stressed the importance of the existing negotiating mandates and the centrality of agriculture. It was important to adequately address — including through the Special Products and Special Safeguard mechanism — food security, livelihood security and rural development. It was also necessary to address the specific developmental needs of net food-importing developing countries and preference-dependent countries. With regard to non-agricultural market access (NAMA) negotiations, most participants stressed the need to fully take into account the agreed principles of less-than-full reciprocity and a comparable degree of ambition and balance in agriculture and NAMA. Many expressed concern over the proposed level of liberalization in NAMA for developing countries as leading to de-industrialization, while others said it was important to create real and substantial market access and trade opportunities.

37. Participants noted that a successful conclusion of the round necessitated a commensurate level of progress in other areas of negotiations under a single undertaking, including services, rules, trade facilitation and the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS). A robust outcome in services was considered particularly important by some participants. Commercially meaningful market access offered in services sectors and modes of interest to developing countries — especially mode 4 — could generate substantial trade and welfare gains and contribute to poverty reduction. Services trade and development was of critical importance for developing countries. For example, infrastructural services such as financial and telecommunication services had significant developmental implications. UNCTAD's comprehensive work on services — encompassing policy analysis and country assessment, support to multilateral and regional negotiations, and intergovernmental deliberations, including through regular expert meetings — was found to be highly valuable, and should be further strengthened and prioritized in the context of UNCTAD XII.

38. Several participants highlighted the difficult challenges facing developing countries and countries with economies in transition in the process of WTO accession. Accession negotiations often led to stringent liberalization and reform commitments disproportionate to their level of development. Participants strongly commended UNCTAD's analytical and technical support to acceding countries at all stages of accession, processes that should be enhanced with donor and regular budget support.

39. In view of the recent proliferation of bilateral and regional trade agreements, many participants reaffirmed the value of the multilateral trading system and the most favoured nation principle, and the importance of multilateralism in trade governance. North-South regional trade agreements, where developed countries had greater bargaining power, had resulted in "WTO-plus" commitments. The WTO rule-based system was democratic and provided a shelter for the weak. Furthermore, many key issues could only be dealt with in WTO multilateral negotiations. As regional trade agreements would remain in place, there was a need to identify ways

to ensure coherence across different layers of the trading system and "multilateralize" regional initiatives for system-wide coherence, taking into account the developmental dimension of such agreements. Many participants emphasized the strengthening of economic cooperation among developing countries in trade and investment. South-South regional integration provided a promising avenue for expansion of South-South trade. The third round of negotiations under the Global System of Trade Preferences among Developing Countries would stimulate South-South trade and was a good complement to WTO. UNCTAD was called upon to continue to play a leading role in supporting regional trade negotiations and cooperation at both the North-South and South-South levels.

40. Participants commended UNCTAD's role in upholding and safeguarding an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system. They reaffirmed the continued relevance of UNCTAD's intergovernmental consensus-building role in monitoring developments in — and analyzing development impacts of — the international trading system and trade negotiations. UNCTAD and its intergovernmental processes had positively influenced multilateral trade negotiations, including the Doha round, especially in emphasizing the development dividend. UNCTAD should continue its unique policy-oriented research and analysis on trade negotiation issues affecting developing countries. Participants commended UNCTAD's technical cooperation and capacity-building work on the international trading system and trade negotiations, including in respect of market access, services, agricultural and non-agricultural products, special and differential treatment, WTO accession, the Joint Integrated Technical Assistance Programme, TRIPS rules, dispute settlement and commodities. Continuing priority should be given to UNCTAD's work on trade negotiations. UNCTAD should make substantial contributions to the Aid for Trade and other international initiatives such as the Tokyo International Conference on African Development. In those areas, the need for increased donor support was underlined.. UNCTAD XII should reaffirm and strengthen UNCTAD's mandate and its catalytic role in trade negotiations. UNCTAD should help promote systemic coherence in the international economic architecture, rendering it conducive to economic growth and development, and should continue to contribute to the United Nations-wide policy debate on trade and development.

G. UNCTAD's contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits

41. Delegations commended UNCTAD on its contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits through its analytical work and its technical cooperation activities. UNCTAD's research and analysis made an important contribution to the promotion of an open, equitable, rule-based trading system that could help ensure that globalization benefited all, especially the most vulnerable countries. Its work in identifying best practices in trade policy and related areas provided the necessary building blocks for effective and beneficial trade integration and successful trade negotiations. Its work on the concept of the developmental state was welcomed as an important contribution to the debate on the policy space that Governments in developing countries needed if they were to implement effective economic policies rooted in national realities and priorities.

42. Nevertheless, more concrete action was needed to help developing countries achieve internationally agreed development goals. UNCTAD's work needed to be more closely coordinated with that of United Nations agencies and other organizations to avoid overlaps and waste of resources, and more attention needed to be paid to promoting skills development and technological upgrading if growth was to be sustainable. It was pointed out that if past trends persisted, the number of people living in extreme poverty in Africa would increase by 44 million by 2015, according to World Bank figures. The role of trade as an engine of growth and thus as a means of combating poverty could not be overemphasized.

H. Technical cooperation activities

43. All delegations stressed the importance of technical cooperation as one of the three pillars of UNCTAD's work, and the need for increased linkages and coherence between the pillars. All delegations considered that the proposals made by the secretariat (TD/B/WP/195) for the implementation of recommendation 19 in the Report of the Panel of Eminent Persons increased coherence. They agreed that UNCTAD needed stable, long-term and predictable funding and programming, combined with better control of the implementation of programmes and projects and results-oriented management. Some delegations expressed concern that too many projects reflected donors' agendas rather than the needs of beneficiaries. They considered that the new internal mechanism should ensure that resources corresponded to the priorities of both beneficiaries and donors. Some delegations noted the need for a more equitable regional distribution of resources.

44. The secretariat was requested to make significant efforts to increase funding, especially from the private sector. Some delegations said that, in order to achieve a greater impact, UNCTAD should redefine its structure, adjust its internal organizational and management procedures and improve its communication strategy, so that its products and services would become clearly identifiable and well known.

45. Regarding the implementation of recommendation 18 of the Report of the Panel of Eminent Persons, many delegations expressed the view that the High-level Panel on System-wide Coherence was very important for the future of the United Nations, and hoped UNCTAD would play a significant part in it. Some delegations said their major concern, in the framework of United Nations reform and its implications for UNCTAD, was to ensure that UNCTAD played a central role in the United Nations system on issues related to trade and development. There was support for UNCTAD's position on the need to fully integrate economic and trade-related issues in national development strategic plans. Many delegations welcomed the practical initiatives taken by the secretariat to address the obstacles that UNCTAD faced in its participation in the One United Nations initiative at the country level. However, serious doubts were expressed about the establishment of UNCTAD representatives at the regional and subregional levels. Many delegations strongly encouraged the secretariat to increase efforts to disseminate information on UNCTAD technical cooperation and to expand and publicize its work at the country, regional and multilateral levels. There was general agreement that efforts should be made to consolidate projects under thematic clusters. Some delegations were of the view that UNCTAD's participation in country-level operations would ensure more effectiveness in the delivery of technical cooperation. One delegation praised the

efforts of the Working Party to bring greater coherence to UNCTAD's work and said deeper reforms were needed to ensure greater impact and relevance for UNCTAD.

46. One delegation expressed support for UNCTAD's evaluation activities, calling for adequate resources to be allocated to them, and requested the rigorous implementation of and follow-up to findings and recommendations emanating from evaluations. Another delegation welcomed the call by the Working Party to devise new indicators and performance measures before the end of the year.

I. Report on UNCTAD's assistance to the Palestinian people

47. There was unanimous agreement on the importance of UNCTAD's role in assisting the Palestinian people in UNCTAD's areas of competence and UNCTAD was urged to step up its assistance despite the adverse field conditions. One delegation drew attention to the secretariat's efforts to present its report (TD/B/54/3) without apportioning blame to any particular party.

48. Deep concern was expressed about the devastating impact on the Palestinian economy of the Israeli closure policy and mobility restrictions. Attention was drawn to the deteriorating living conditions of the Palestinian people and the economy's increased vulnerability, with soaring poverty and unemployment rates, expansion of the informal sector, widening trade and public deficits, and increased dependence on foreign aid. Many delegations highlighted the constraints imposed by the Israeli separation barrier and other security measures in the occupied Palestinian territory, which had isolated the Palestinians from Arab and global markets and institutionalized the fragmentation of the Palestinian economy. That fragmentation had been aggravated by the fall in aid from donors and the financial restrictions imposed on the Palestinian Authority following the Palestinian Legislative Council elections in 2006. One delegation noted that Israel's economic strangulation of the occupied Palestinian territory was in violation of international law, but another emphasized that the occupation conditions rendered any comprehensive economic policy meaningless.

49. One delegation stressed the devastating repercussions of the Israeli military campaign since 2000 and so-called Israeli "security measures". Any discourse on Palestinian long-term development must examine the daily injustices facing the Palestinian people, the annexation of occupied East Jerusalem, the construction of colonial settlements and the Wall, and the detention of 11,000 Palestinians.

50. One delegation asked why such issues were being discussed in the current forum, pointing out that the report failed to mention factors that had a negative impact on the Palestinian economy such as interfactional Palestinian fighting, Hamas's control of Gaza, corruption and the Palestinian Authority's reluctance to implement economic governance reforms, and the cynical manipulation by terrorists of vital Palestinian economic pathways.

51. One delegation stressed the need for all parties to fully implement the Agreement on Movement and Access and for continued humanitarian assistance, and welcomed the extension of the Temporary International Mechanism until 31 December 2007.

52. There was consensus that the international community, in addressing the urgent needs of the Palestinian population, should not lose sight of long-term Palestinian development and institution-building objectives.

53. Most delegations welcomed the secretariat's recommendation to establish alternative routes for Palestinian trade, as such routes could help reduce the impact of the isolation of the occupied Palestinian territory and reduce its dependence on Israeli port facilities. According to one delegation, re-routing Palestinian trade should be linked to the Arab Transit Trade Agreement in order to ensure further regional integration of the Palestinian economy. Simultaneously, the "first-best" option, namely the construction of a seaport in Gaza, should continue to be pursued. One delegation warned that re-routing Palestinian trade might be at the expense of losing a strong trade partner, namely Israel, and questioned the benefits of Palestine's admission to the World Customs Organization.

54. Delegations were in favour of expanding Palestinian policy space to provide policymakers with the necessary tools to overcome the economic crisis. Most of them agreed that donors should resume direct aid to the Palestinian Authority with no political conditions attached to it. The need for renewed development efforts was stressed by several delegations as an important prerequisite for overcoming the economic crisis and revitalizing the Palestinian economy's productive capacity. One delegation stressed that, without a concerted political effort by the international community, such attempts would merely address the symptoms, not the root cause, of the problems facing the Palestinian economy, namely the Israeli occupation. The only remedy was to free Palestine from the prolonged occupation and from its system of asymmetric containment, apartheid and compulsory dependence. The future Palestinian development framework and final agreements should be based on treatment of both parties on an equal footing.

55. Delegations commended the secretariat on the success of its technical cooperation activities in support of the Palestinian Customs and Border Management and the establishment of the Palestinian Shippers' Council. Some delegations considered those achievements as representing UNCTAD at its best, and as an exemplary case of the benefits of linking relief and development under adverse conditions.

56. One delegation noted with satisfaction UNCTAD's efforts to support Palestinian entrepreneurs through its EMPRETEC programme, and to apply its innovative automated customs system, ASYCUDA, at the Karni crossing in Gaza, and noted the Palestinian Authority's recent request to the Commission on Science and Technology for Development to conduct a science, technology and innovation policy review.

57. Many delegations called on the secretariat to expand and intensify its activities in favour of the Palestinian people, particularly those related to building institutions and establishing policies for employment generation, strengthening of production capacities, and the facilitation of access to international markets. Such activities would undoubtedly help create a climate of law and order, and thus help expedite the peace process. There were calls for member States to increase their financial support for those activities.

58. Several delegations expressed concern about the lack of extrabudgetary resources, which left a number of important secretariat activities unfunded. One

delegation said that that issue should be high on the agenda in the preparations for UNCTAD XII.

59. Many delegations stressed that a just and lasting solution in the Middle East was a sine qua non for Palestinian social and economic development, and called on the international community to step up its humanitarian and development assistance to the Palestinian people.

60. One delegation reiterated the international position on any division of the Palestinian territories, and the objection to any changes to the pre-1967 borders other than those agreed by both parties. Delegations expressed support for the Quartet's efforts and reaffirmed their commitment to the peace process, which should give the Palestinian people a future independent, democratic and viable State, living side by side in peace and security with Israel.

J. Preparatory process for the twelfth session of the Conference

61. Delegations expressed mixed views on the provisional programme for UNCTAD XII, which was distributed in the meeting room. For some, it did not accurately reflect the outcome of the forty-first executive session of the Board,[3] notably by allocating less time to the sub-theme on the role of UNCTAD. For others, however, the provisional programme was a fair reflection of the outcome of the executive session and struck a good balance in its sequencing of the sub-themes and in the time allocated to them.

K. Multi-stakeholder partnerships

62. In its oral reports to the Board, the secretariat highlighted a range of partnerships in the fields of information and communication technologies, investment and commodities, all designed to promote development by involving a involved a range of stakeholders and generating synergies in their work. Intellectual property was identified as an area with good potential for future partnerships. However, while the partnerships were a cost-effective way for UNCTAD to reach out to an increasing diversity of development stakeholders, any future partnership mechanisms would need to have sufficient funding allocated to them if they were to be effective.

L. Hearing with civil society

1. The "new regionalism"

63. Several participants pointed out that the "new regionalism" and multilateralism were not incompatible, as WTO provided for derogations with respect to free trade agreements. Indeed, bilateral free trade agreements and regional integration schemes involving such agreements provided a basis for further trade liberalization in WTO and for the integration of developing countries into the global economy. However, some participants considered the growing number of free trade agreements to be a consequence of developing countries' dissatisfaction with the lack of progress in

[3] TD/B/EX(41)/3 (Vol. I).

WTO. Free trade agreements between developed and developing countries were thought by some to undermine the development potential of less developed countries, even though such agreements were also seen to have some benefits for developing countries. Since there was asymmetry in supply capacity, the developing countries could not benefit as much as developed countries from reciprocal market access to trade or from other measures related to free trade agreements such as investment or public procurement. It was thought to be in the best interests of developed countries to allow developing partners some room for manoeuvre in their development strategies, although it was pointed out that the concept of "policy space" needed to be defined more clearly. In any case, each country was sovereign in its decisions with regard to free trade agreements, some of which provided for adequate transitional periods for developing countries. Participants called on UNCTAD to elaborate further at UNCTAD XII on developing countries' policy space and to continue its research in that area. At the national level, appropriate social measures would be needed to cushion the negative impacts of free trade agreements. Another way to mitigate those impacts would be to link aid disbursements to trade reform, particularly through aid for trade. Lastly, the importance of building up national institutions to enable them to evaluate the impact of free trade agreements was stressed.

2. Capturing the benefits of globalization

64. The session focused on the need to address the social costs of globalization. Participants highlighted the increasing disparities between and within countries as a result of increased economic liberalization and globalization, even if overall poverty was being reduced. Populations in developing countries, especially women, were subject to increased social and economic insecurity, which was exacerbated by a multilateral trading system that was poorly reconciled with people's needs and was unable to fulfil the development aspirations of the Doha round of trade negotiations. The South-to-North brain drain was also cited as undermining the ability of developing countries to develop through knowledge accumulation.

65. Given that situation, a number of participants felt that action was needed at the international level. They called on UNCTAD to place greater emphasis on: the promotion of inclusive globalization through social protection and social dialogue; the gender perspective on globalization; environmental degradation; the need for greater accountability and transparency in the multilateral trading system; reforms of the international financial architecture; and ways to increase official development assistance and ensure a better distribution of its benefits in the supply chain.

66. Several participants noted that developing countries' Governments needed to do more to provide social protection, promote pro-poor and gender-neutral growth, and regulate transnational corporations. Civil society had a role to play in helping Governments to create investment- and business-friendly environments and to promote social investment. A programme of the Government of Brazil that redistributed assets to the bottom 20 per cent of the population was cited as an example of such investment. In addition, it was felt that promoting small and medium-sized enterprises could help create a bridge between the activities of transnational corporations and the social and economic needs of populations in developing countries.

M. Closing statements

67. It was felt that the most successful parts of the session had been the parts involving a truly interactive dialogue. Unfortunately, there had been insufficient time, at the high-level segment in particular, for members of the Board to engage in a genuinely interactive dialogue with the invited speakers.

IV. Procedural and related matters

A. Opening of the session

68. The fifty-fourth session of the Trade and Development Board was opened on 1 October 2007 by Mr. Arsene Balihuta (Uganda), the outgoing President of the Board.

B. New member of the Board

69. At its 1005th (opening) plenary meeting, on 1 October 2007, the Board agreed to the request by Estonia to be the 151st member of the Trade and Development Board.

C. Election of officers

(agenda item 1 (a))

70. At its opening plenary meeting, the Board elected Mr. Petko Draganov (Bulgaria) President of the Board at its fifty-fourth session.

71. At the same meeting, the Board elected nine of its ten vice-presidents and the Rapporteur; at its 1013th (closing) plenary meeting, on 11 October 2007, the Board elected the tenth vice-president. The elected Bureau was as follows:

President:	Mr. Petko Draganov (Bulgaria)
Vice-presidents:	Mr. Alberto Dumont (Argentina) Ms. Mabel Gomez Oliver (Mexico) Mr. Roger Julien Menga (Congo) Mr. Mohamed Said-Douale (Djibouti) Mr. Juan Antonio March (Spain) Mr. Franciscos Verros (Greece) Mr. Iouri Afanassiev (Russian Federation) Ms. Lisa Carle (United States of America) Mr. Chen Jianping (China) Mr. Holger Rapior (Germany)
Rapporteur:	Mr. Mohammad Ali Zarie Zare (Islamic Republic of Iran)

72. Following established practice, the Board agreed that the regional coordinators and China, as well as the chairs of the sessional committees, would be fully associated with the work of the Bureau of the Board.

D. Adoption of the agenda and organization of the work of the session
(agenda item 1 (b))

73. At its opening plenary meeting, the Board adopted the provisional agenda for the session contained in TD/B/54/1 (see annex I).

74. The following officers were elected to serve on the Bureau of Sessional Committee I to consider agenda item 4, "Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010":

Chair: Mr. Juan Antonio March (Spain)
Vice-Chair-cum-Rapporteur: Mr. Edouard Bizumuremyi (Rwanda)

75. The following officers were elected to serve on the Bureau of Sessional Committee II to consider agenda item 5, "Economic Development in Africa: Reclaiming Policy Space — Domestic Resource Mobilization and Developmental States":

Chair: Mr. Guy-Alain Emmanuel Gauze (Côte d'Ivoire)
Vice-Chair-cum-Rapporteur: Ms. Liu Lijuan (China)

E. Adoption of the report on credentials
(agenda item 1 (c))

76. At its closing plenary meeting, the Board adopted the report of the Bureau on the credentials of representatives attending the fifty-fourth session of the Board (TD/B/54/L.4), thereby accepting the credentials.

F. Provisional agenda for the fifty-fifth session of the Board
(agenda item 1 (d))

77. At its closing plenary meeting, the Board decided to refer consideration of this item to consultations of the President of the Board. The provisional agenda will therefore be submitted for approval at an executive session at an appropriate time.

G. Appointment of the members of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action
(agenda item 12 (a))

78. At its closing plenary meeting, the Board appointed the members of the Advisory Body for the period October 2007-October 2008, as follows: Mr. Petko Draganov (Bulgaria), Mr. I. Gusti Agung Wesaka Puja (Indonesia), Mr. Alireza Moaiyeri (Islamic Republic of Iran), Mr. Ahmed Mohamed Masoud Al-Riyami (Oman), Ms. Clemencia Forero Ucros (Colombia), Mr. Mario Matus (Chile), Mr. Eduardo Ponce Vivanco (Peru), Mr. Sergei Aleinik (Belarus), Mr. Guy-Alain Emmanuel Gauze (Côte d'Ivoire), Ms. Venetia Sebudandi (Rwanda), Mr. Roger Julien Menga (Congo), Mr. Jean-Baptiste Mattei (France), Ms. Hilde Skorpen (Norway), Ms. Lisa Carle (United States of America) and Mr. Peter Leyenaar (Netherlands).

H. Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

(agenda item 12 (c))

79. At its closing plenary meeting, the Board decided that the Arab Federation for Protection of Intellectual Property should be included in the special category of non-governmental organizations, and that the Civil Society Coalition, Village Suisse ONG and the Arab NGO Network for Development should be included in the general category. Information on those organizations was contained in documents TD/B/EX(41)/R.1 and TD/B/54/R.2, R.3 and R.1 respectively.

80. The Board took note of the fact that, following a merger with other organizations, the World Confederation of Labour and the International Confederation of Free Trade Unions would be replaced in the official list of non-governmental organizations by the International Trade Union Confederation.

81. The Board was informed that, after consultation with the Government of India, the Secretary-General of UNCTAD had decided to enter the Palakkad District Consumers' Association in the register of national non-governmental organizations provided for in Board decision 43 (VII).

I. Review of the calendar of meetings

(agenda item 12 (d))

82. At its closing plenary meeting, the Board approved the calendar of meetings for the remainder of 2007 and, subject to amendments after consultations with the secretariat, the provisional calendar of meetings for 2008, as contained in document TD/B/54/L.2.

J. Membership of the Working Party for 2008

(agenda item 12 (e))

83. At its closing plenary meeting, the Board approved the membership of the Working Party for 2008 as follows: Algeria, Belarus, Benin, Bangladesh, Belgium, Brazil, China, El Salvador, Germany, Indonesia, Iran (Islamic Republic of), Japan, Kyrgyzstan, Mali, Mexico, Netherlands, Portugal, Russian Federation, United States of America.

K. Administrative and financial implications of the actions of the Board

(agenda item 12 (g))

84. At its closing plenary meeting, the Board was informed that there were no additional financial implications arising from the work of its fifty-fourth session.

L. Adoption of the report

(agenda item 14)

85. At its closing plenary meeting, the Board adopted the draft report on its fifty-fourth session (TD/B/54/L.3 and Add.1-4; TD/B/SC.1/L.1 and L.2; and TD/B/SC.2/L.1 and L.2) and authorized the Rapporteur to complete the final report as

appropriate and to prepare the report of the Trade and Development Board to the General Assembly.

Annex I

Agenda for the fifty-fourth session of the Trade and Development Board

1. Procedural matters:
   (a) Election of officers
   (b) Adoption of the agenda and organization of the work of the session
   (c) Adoption of the report on credentials
   (d) Provisional agenda for the fifty-fifth session of the Board
2. High-level segment: globalization and inclusive development
3. Interdependence and global economic issues from a trade and development perspective: regional cooperation for development
4. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010:
   (a) The Least Developed Countries Report 2007: Knowledge, Technological Learning and Innovation for Development
   (b) UNCTAD-wide implementation activities in favour of LDCs: sixth progress report
5. Economic development in Africa: Reclaiming Policy Space — Domestic Resource Mobilization and Developmental States
6. Review of developments and issues in the post-Doha work programme of particular concern to developing countries
7. UNCTAD's contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields:

   UNCTAD's contribution, within its mandate, to the implementation of, and to the review of progress made in the implementation of, the outcomes of the major United Nations conferences and summits, under its relevant agenda items
8. Technical cooperation activities:
   (a) Review of the technical cooperation activities of UNCTAD (Report of the Working Party on its forty-ninth session)
   (b) Report on UNCTAD's assistance to the Palestinian people
9. Preparatory process for the twelfth session of the Conference
10. Establishment of the Preparatory Committee
    (a) Approval of the provisional agenda for the Conference

11. Matters requiring action by the Board in the follow-up to the eleventh session of the Conference and arising from or related to reports and activities of its subsidiary and other bodies:

    (a) Report on UNCTAD XI multi-stakeholder partnerships

    (b) Hearing with civil society, in accordance with paragraph 117 of the São Paulo Consensus

    (c) Report of the Working Party on the Medium-term Plan and the Programme Budget on its resumed forty-eighth session

12. Other matters in the field of trade and development:

    (a) Progressive development of the law of international trade: fortieth annual report of the United Nations Commission on International Trade Law (Vienna, 9-12 July 2007)

    (b) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its fortieth session (Geneva, 25-27 April 2007)

13. Institutional, organizational, administrative and related matters:

    (a) Report by the President of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action on the implementation of courses by the secretariat in 2006-2007 and their relevant impact; and the appointment of the members of the Advisory Body for 2008

    (b) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

    (c) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

    (d) Review of the calendar of meetings

    (e) Membership of the Working Party for 2008

    (f) Review of the lists of States contained in the annex to General Assembly resolution 1995 (XIX)

    (g) Administrative and financial implications of the actions of the Board

14. Other business

15. Adoption of the report

Annex II

Attendance*

1. Representatives of the following States members of the Trade and Development Board attended the session:

Afghanistan
Albania
Algeria
Angola
Argentina
Austria
Barbados
Belarus
Belgium
Benin
Bhutan
Brazil
Brunei Darussalam
Bulgaria
Cameroon
Canada
Chad
Chile
China
Colombia
Congo
Côte d'Ivoire
Croatia
Cuba
Czech Republic
Democratic People's Republic of Korea
Democratic Republic of the Congo
Djibouti
Ecuador
Egypt
El Salvador
Estonia
Ethiopia
Finland
France
Germany
Ghana
Greece
Guinea
Haiti
Honduras
India
Iran (Islamic Republic of)
Iraq
Israel
Italy
Jamaica
Japan
Jordan
Kenya
Kuwait
Latvia
Lebanon
Libyan Arab Jamahiriya
Lithuania
Madagascar
Malaysia
Mali
Mauritania
Mauritius
Mexico
Moldova
Mongolia
Morocco
Mozambique
Myanmar
Nepal
Nigeria
Norway
Oman
Pakistan
Paraguay
Peru
Philippines
Poland
Portugal
Qatar
Romania
Russian Federation
Rwanda
Saudi Arabia
Serbia
Slovakia
Slovenia
South Africa
Spain

* For the list of participants, see TD/B/54/INF.1.

Switzerland
Syrian Arab Republic
Thailand
The former Yugoslav Republic of Macedonia
Trinidad and Tobago
Tunisia
Turkey
Uganda
Ukraine
United Republic of Tanzania
United States of America
Uruguay
Venezuela (Bolivarian Republic of)
Viet Nam
Zambia
Zimbabwe

1. Representatives of the following States members of UNCTAD but not members of the Trade and Development Board attended the session:

Cambodia
Cape Verde
Holy See
Kyrgyzstan
Timor-Leste

2. The following observer attended the session:

Palestine

3. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States
African Union
European Community
European Commission
League of Arab States
South Centre

4. The following United Nations organizations were represented at the session:

Economic Commission for Africa
Economic and Social Commission for Asia and the Pacific
International Trade Centre

5. The following specialized agencies and related organizations were represented at the session:

International Labour Office
International Monetary Fund
International Organization for Migration
United Nations Industrial Development Organization
World Intellectual Property Organization
World Trade Organization

6. The following non-governmental organizations were represented at the session:

General Category
Ingénieurs du Monde
International Centre for Trade and Sustainable Development
Ocaproce Internationale
Women's International League for Peace and Freedom

Special Category
International Ocean Institute